



MINUTES

LOSS TRUST FUND BOARD MEETING 7447 E. Indian School Rd., Suite 210 Finance Conference Room Scottsdale, AZ

**March 15, 2012
8:00 a.m.**

PRESENT: George Hostal, Chair (arrived 8:07 a.m.)
James Tomlinson, Vice Chair
Norm Cocanour
David Petulla
Bill Powell

STAFF: Pauline Hecker, Financial Services
Cliff Frey, City Attorney's Office
David Smith, City Treasurer
Ken Nemec, Human Resources Benefits Manager

CALL TO ORDER

Vice Chair Tomlinson called the special meeting of the Loss Trust Fund Board to order at 8:05 a.m. and presided over the meeting.

ROLL CALL

A formal roll call confirmed the presence of all Board Members as stated above.

OLD BUSINESS

1. Approval of the February 24, 2012 Minutes

BOARD MEMBER PETULLA MADE A MOTION TO APPROVE THE LOSS TRUST FUND BOARD MINUTES FOR THE FEBRUARY 24, 2012 MEETING. BOARD MEMBER POWELL SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). CHAIR HOSTAL ARRIVED LATER.

NEW BUSINESS

2. Discussion and possible approval of the proposed changes to the Bylaws of the Board of Trustees for the Loss Trust Fund Board

BOARD MEMBER POWELL MADE A MOTION TO APPROVE THE PROPOSED CHANGES TO THE BYLAWS OF THE BOARD OF TRUSTEES FOR THE LOSS TRUST FUND BOARD. BOARD MEMBER PETULLA SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).

3. Discussion and review of the proposed changes to Scottsdale Revised Code, Sections 2-166 to 2-179 pertaining to risk management and the Loss Trust Fund Board

BOARD MEMBER POWELL MADE A MOTION TO APPROVE THE PROPOSED CHANGES TO THE SCOTTSDALE REVISED CODE, SECTIONS 2-166 TO 2-179. BOARD MEMBER COCANOUR SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).

4. Discussion and possible approval of the proposed changes to the Declaration of Trust for City of Scottsdale, Arizona Self-Insured Loss Trust Fund

Board Member Cocanour noted that on page 2, section 1.411 the language still refers to the Director or insurance administrator. Mr. Cliff Frey of the City Attorney's Office said he felt this phrase was generic rather than the title of a position.

Mr. Frey recalled that at the previous meeting the Board had raised the question whether the Declaration of Trust should state that the decision of either the Board or of City Council on any settlement is final. He discussed this with the City Attorney, whose preference was not to include any such statement in the Declaration of Trust, since settlements are done through binding contracts. Risk Management Director Ms. Pauline Hecker concurred.

Board Member Powell inquired about insurance for public officials' liability, aviation and boiler and machinery insurance. Ms. Hecker told him she procures Airport liability

insurance. The City has no need for aviation insurance. She pointed out that the language in the Declaration of Trust states “which includes, but is not limited to.” Board Members agreed that this was acceptable.

Mr. Ken Nemec, Human Resources Benefits Manager, commented that the language on page 14 is very broad. Mr. Frey disagreed. Ms. Hecker said the intent was to make it clear that the Risk Management Director oversees the property casualty area, but is not responsible for oversight of the benefits. Chair Hostal commented that the Declaration of Trust gives the Board certain powers only.

Referring to page 20, Mr. Nemec asked whether sections 4.5 and 4.6 should offer the same protections to the Benefits Manager as to the Risk Management Director. The Board Members concurred and Mr. Frey undertook to add that into sections 4.5 and 4.6.

City Treasurer Mr. David Smith commented that perhaps the definition of “Director” should be expanded in the Declaration because there could be position changes in the future. Ms. Hecker pointed out that the City Code indemnifies employees and Board Members.

Chair Hostal argued that to make the Declaration of Trust broader would make sense in planning for the future. Mr. Frey said changing this would entail making a number of other changes throughout the document, and would have implications for the City Code.

Chair Hostal suggested using the term “designee.” Vice Chair Tomlinson and Board Member Cocanour concurred. Chair Hostal suggested adding a definition of the term “designee” between section 1.11.6 and 1.11.7 and renumbering the subsequent definitions in alphabetical order. The definition might be any City employee to whom the Trustees delegate power the Trust. He inquired whether this change could be made without needing to make any changes to the City Code. Mr. Frey agreed that it probably could. Chair Hostal said then the word “designee” could be added to sections 4.5 and 4.6. Board Members agreed with Mr. Frey’s definition, “Designee means any City employee to whom the Trustees delegate authority under the terms of this Trust.”

Mr. Smith and Ms. Hecker noted that on page 4 of the current draft of the Declaration the definition of Director says “appointed by the City Manager,” not “appointed by City Council.” The Code says “appointed by City Council.” Mr. Frey agreed that the Code provision and the Declaration could both be changed to “appointed by the City Treasurer.” This is a decision for Board Members. Mr. Smith suggested changing the language in the City Code and the Declaration to “appointed by the appropriate Charter Officer.”

CHAIR HOSTAL MADE A MOTION TO RESCIND THE BOARD’S PRIOR APPROVAL OF THE CITY STATUTE CHANGES AND TO REAPPROVE THOSE CHANGES WITH THE ADDITIONAL CHANGE OF THE TERM “CITY COUNCIL” TO “APPROPRIATE

CHARTER OFFICER” IN SECTION 2-166 DEALING WITH THE CODE PROVISIONS PERTAINING TO RISK MANAGEMENT. VICE CHAIR TOMLINSON SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).

Board Member Powell asked who would decide whether City Council or the Trustees would approve settlements over \$100,000. Ms. Hecker reviewed the previous discussion. Most of the time City Council will be approving, however if there is a time when no Council meetings are scheduled for a long period of time, such as the summer hiatus, the Trustees could meet and make a decision in a timely manner.

BOARD MEMBER COCANOUR MOVED TO ACCEPT THE DECLARATION OF TRUST AS MODIFIED. CHAIR HOSTAL SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).

Mr. Frey undertook to send out a new redline with all the amendments discussed at today's meeting. Staff will circulate the revised documents.

Board Member Powell commended everyone who had worked so hard to draft the Declaration of Trust. Mr. Smith praised Mr. Frey and Ms. Hecker for their efforts. Vice Chair Tomlinson opined that they now have a really good document to work from which should not need changes for a good while.

Ms. Hecker said after the changes are made, staff will meet one on one with Council Members to explain the changes required by the State. Following that, this will be agendized for Council approval. She will advise Board Members of the date of that Council meeting.

5. Discussion and possible approval of establishing the schedule of future Loss Trust Board meeting dates for the remainder of calendar year 2012

Ms. Hecker suggested setting a fixed monthly meeting time that Board Members could hold on their calendar for whenever a meeting is needed. She said the Board would likely not need to meet again until July.

BOARD MEMBER POWELL MOVED THAT THE BOARD MEMBERS BLOCK THEIR CALENDARS FOR THE THIRD FRIDAY OF EACH MONTH FROM 8:00 TO 10:00 A.M. STARTING FROM JULY 2012. CHAIR HOSTAL SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0).

Members noted that this was Board Member Cocanour's last meeting. Ms. Hecker clarified that due to changes just enacted by City Council, he is not eligible to continue serving on the Board. She noted that Board Member Cocanour has been on the Board since before she joined the City and has given great service.

Board Member Cocanour said it has been a great experience which he has enjoyed.

OPEN CALL TO THE PUBLIC

No members of the public wished to address the Board.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:45 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz